

FINDEX

Fringe Benefits Tax Return

Preparation Guidelines and
Questionnaire

Year ending 31 March 2020

findex.com.au

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1. General issues and what's new

1.1 Fringe Benefits Tax (FBT) Update

Rewrite of Taxation Ruling on car parking

The Australian Taxation Office (ATO) has released draft Taxation Ruling TR 2019/D5 to replace Taxation Ruling TR 96/26 which has been withdrawn.

Previously, shopping centre car parks and other similar facilities such as hospital car parks were generally not considered to be commercial parking stations for FBT purposes.

This change of interpretation may have a significant impact for businesses which provide car parking spaces for its employees where FBT has historically not been paid.

If TR 2019/D5 is finalised in its current form, the changes will come into effect from 1 April 2021.

TR 2019/D7 Draft ruling on travel expenses

Draft Taxation Ruling TR 2019/D7 partially replaces TR 2017/D6 and sets out the ATO's view on whether a transport expense would be considered deductible for income tax purposes, or otherwise deductible for FBT purposes. Generally, a transport expense will be deductible when the following occurs:

- The travel occurs on work time.
- The travel occurs when the employee is under the direction of the employer.
- The travel fits within the duties of employment.
- The travel is relevant to the practical demands of carrying out the work duties.
- The employer asks for the travel to be undertaken.

Separate rulings will be released in draft form by the ATO for consultation later this year. These will cover the deductibility of meals, accommodation and incidental expenses which will also have FBT implications in respect of the otherwise deductible rule, and when an employee is living away from home.

Taxi Travel Exemption

The FBT Taxi Travel Exemption currently only applies to a vehicle that is licenced to operate as a taxi. The FBT exemption does not extend to ride-sharing vehicles.

However, the Treasury Laws Amendment (2019 Measures No. 3) Bill 2019 has been introduced which proposes to amend the FBT provisions by extending the definition to include travel by way of a motor vehicle (other than a limousine) involving the transport of passengers for a fare (e.g. ride sharing arrangements).

If enacted as introduced, the exemption will apply to travel in ride-sharing vehicles from 1 April 2019.

Remote area FBT concessions

The Productivity Commission recently completed its review on the application of the FBT remote area concessions where it concluded the concessions were too generous.

However, the Government announced that it would not be actioning any recommendations made by the Productivity Commission and the FBT concessions will remain in its current form.

ATO compliance focus

The ATO has identified¹ the following areas it will focus on to ensure employers are complying with its FBT obligations:

- Motor vehicles
- Employee contributions
- Lifestyle assets
- Entertainment
- Car parking valuations

1.2 FBT rate

The FBT rate reflects the top marginal tax rate for individuals. Accordingly, the 2020 FBT rate has remained at **47%** for the 2020 FBT year. The FBT rate for the 2021 FBT will remain at 47%. The corresponding adjustments to the FBT gross-up rates used to determine the taxable value of fringe benefits are as follows:

The rates for 2020:	
Type 1 benefits: 2.0802	Type 1 benefits are referred to as 'GST creditable benefits'. The type 1 gross-up rate is applied when the provider is <i>entitled</i> to claim any input tax credit for the fringe benefit provided.
Type 2 benefits: 1.8868	Type 2 benefits are those which the provider is <u>not</u> entitled to claim an input tax credit for the fringe benefit provided. For example, a loan fringe benefit or the provision of overseas travel.

¹ www.ato.gov.au/business/private-owned-and-wealthy-groups/what-you-should-know/transparency/what-attracts-our-attention/

1.2.1 Revisiting opportunities to reduce FBT

To identify potential opportunities to reduce FBT, we recommend employers consider:

- Using an external car parking valuer to identify the lowest car parking rates to value car parking fringe benefits.
- Structuring techniques for business conferences to ensure optimal FBT position under the otherwise deductible rule.
- The Operating Cost Method for determining the taxable value of car fringe benefits which may produce a better result than using the Statutory Formula Method.
- The actual method for entertainment fringe benefits which may produce a better result than using the 50/50 split method.
- All available exemptions and concessions for relocations, living away from home, work related items and other 'in-house', 'on premises', and 'minor' fringe benefit exemptions are being applied to reduce the FBT taxable value to the maximum extent possible.
- The payroll tax treatment of salary sacrificed fringe benefits.

1.3 FBT Exempt Employers

FBT Exempt Employers include religious institutions, public benevolent institutions, health promotion charities, public and non-profit hospitals, and public ambulance services. Certain FBT Exempt Employers are subject to capping thresholds limiting the amount that employers can provide their employees exempt from FBT.

1.3.1 2020 capping thresholds

In 2020, the capping threshold for FBT Exempt Employers has remained the same at \$17,000 and \$30,000. The pre grossed-up value of exempt fringe benefits that can be provided in 2020 (with a 2021 comparison) is summarised below:

Benefit categories	FBT Exempt Category limit (Pre grossed-up) Public and non-profit hospitals, and ambulance services	FBT Exempt category limit (Pre grossed-up) Public benevolent institutions and health promotion charities
Type 1 benefits		
<ul style="list-style-type: none"> Gross up rate 2.0802 (2020) 	\$8,172*	\$14,421*
<ul style="list-style-type: none"> Gross up rate 2.0802 (2021) 	\$8,172*	\$14,421*
Type 2 benefits		
<ul style="list-style-type: none"> Gross up rate 1.8868 (2020) 	\$9,009*	\$15,899*
<ul style="list-style-type: none"> Gross up rate 1.8868 (20210) 	\$9,009*	\$15,899*

* salary packaged meal entertainment and entertainment leasing expense benefits are capped at \$5,000

1.4 FBT Rebateable Employers

FBT Rebateable Employers include registered charities, scientific institutions, public educational institutions, certain clubs and trade unions. Subject to capping, an FBT Rebateable Employer is entitled to claim a rebate of 47% to reduce the FBT that it pays.

The FBT rebate remains at 47% this year which means the capping threshold is \$30,000. The pre grossed-up value of rebateable fringe benefits that can be provided in the 2020 and 2021 FBT years is summarised below:

Benefit categories	FBT Rebateable Employer Pre grossed-up amount	FBT Rebateable Employer Grossed-up limit
Type 1 benefits		
• Gross up rate 2.0802 (2020)	\$14,421*	\$30,000*
• Gross up rate 2.0802 (2021)	\$14,421*	\$30,000*
Type 2 benefits		
• Gross up rate 1.8868 (2020)	\$15,899*	\$30,000*
• Gross up rate 1.8868 (2021)	\$15,899*	\$30,000*

* salary packaged meal entertainment and entertainment leasing expense benefits are capped at \$5,000

1.5 Living Away From Home (LAFH) fringe benefits and allowances

A Living Away From Home fringe benefit arises when an employee is provided with accommodation, food or an allowance because the employee is required to live away from their normal place of residence to perform their employment duties. The taxable value of LAFH fringe benefits is generally equal to the value of the benefit provided or the amount of the allowance paid less the exempt accommodation component and the exempt food component.

However, the exemptions for accommodation and food will only apply if:

- The employee owns or leases a home in Australia in which they usually reside. The residence must continue to be available for their immediate use and enjoyment at all times whilst temporarily relocated and the employee must resume living in their usual residence after their temporary relocation ends.
- The living away from home period is limited to a maximum of 12 months.
- The employee can substantiate their accommodation expenses and all food expenses if the reasonable food limit set by the ATO is exceeded. No substantiation is required for food if the reasonable food limit is not exceeded.
- The employee provides their employer with a LAFH declaration confirming their usual place of residence in Australia and they have satisfied the requirements of maintaining that residence whilst temporarily relocated.

1.6 Record keeping requirements

An employer is required to keep records that identify and explain all transactions and acts relevant for ascertaining the employer's fringe benefits tax liability. An associate who provides benefits to an employer's employees is also required to maintain records in respect of those transactions. In these cases, the associate is required to make available to the employer a copy of the records not later than 21 days after the end of the relevant FBT year of tax. The records must be retained for a period of five years after the completion of the transactions or acts to which they relate.

Other requirements for record keeping include:

- Elections are not required to be lodged with the ATO but the employer must be able to produce on audit.
- Elections in respect of the calculation methodology for motor vehicle benefits are not required as the FBT return suffices as an election.
- An employer must obtain a declaration from an employee prior to lodging the relevant FBT return to support reductions in taxable value of fringe benefits due to the application of the "otherwise deductible" rule or to claim exemption on the provision of certain benefits.
- Car log books need to be updated every five years as a minimum. Log book records are required to be maintained for a period of 12 weeks. Further, log books cannot be used retrospectively for previous FBT years.

This year, it will be particularly important to ensure all records relating to FBT are properly maintained. The Findex team can provide you with further information in relation to the records and elections you are required to keep for particular benefits.

1.7 Reportable Fringe Benefits

Employers are required to record on employee payment summaries the grossed-up taxable value of certain fringe benefits, referred to as Reportable Fringe Benefits (RFB).

To determine if benefits provided to individual employees are reportable, it is necessary to determine whether the total value (prior to gross up) of all RFBs provided to that individual for the period 1 April 2019 to 31 March 2020 was greater than \$2,000. If this threshold is exceeded, the grossed-up amount of RFBs is recorded on the employee's payment summary for the year ending 30 June 2020. Once the total taxable value of Reportable Fringe Benefits exceeds \$2,000, the total amount (and not just the excess over \$2,000) must be reported on the employee's payment summary.

The following benefits are **not reportable**:

- Car parking.
- Entertainment facility leasing (e.g. corporate boxes).
- Meal entertainment.
- Shared or pooled cars.

1.7.1 Calculation of Reportable Fringe Benefits:

1. Determine the amount of fringe benefits (other than those that are not reportable) attributable to the employee.
2. Gross the benefits up using the Type 2 gross-up rate (i.e. 1.8868). Please note, this gross-up rate is used for RFB purposes regardless of whether the benefits are Type 1 or Type 2 benefits.

Note: The Reportable Fringe Benefits will be for the period 1 April 2019 to 31 March 2020, while the payment summary will be for the period 1 July 2019 to 30 June 2020.

1.8 Employee contributions

An employee's contribution to an employer for the supply of a benefit is treated as consideration in respect of a taxable supply for Good and services tax (GST) purposes. Contributions in respect of input taxed supplies or GST free supplies are not subject to GST (e.g. school fees). Salary sacrifice amounts do not constitute an employee contribution.

Accordingly, 1/11th of employee contributions received in respect to taxable supplies give rise to a GST liability. GST must be remitted to the ATO in the employer's Business Activity Statement (BAS) for the period in which the contribution is received. The payment of the GST to the ATO does **not** decrease the value of the employee contribution.

The Commissioner of Taxation (the Commissioner) has advised the GST payable on an employee contribution made by journal entry will generally be brought to account in the tax period in which the journal entries are made.

1.8.1 Employee contributions in the form of employee paid (unreimbursed) car expenses

Where an employee pays car expenses to third parties (e.g. unreimbursed fuel costs), this constitutes an employee contribution and reduces the taxable value of the car benefit. The contribution is not subject to GST in the hands of the employer, as the payment is not made to the employer.

1.8.2 Employee contribution disclosure requirements

Employee contributions that are made directly to the employer are required to be disclosed in the employer entity's income tax return as assessable income. Employee contributions that represent expenses paid to third parties such as unreimbursed fuel costs are not required to be disclosed.

1.9 Gross-up factors

The taxable value of a fringe benefit is its GST inclusive value, as appropriate. In most instances this will require the amounts in the financial accounts to be adjusted to include GST when calculating taxable values under FBT.

Benefits are classified as either Type 1 or Type 2 benefits. Differing gross-up factors apply to benefits depending on their classification. The differing gross-up factors apply to recoup the benefit of any input tax credits claimable when providing benefits to employees. The following table indicates the gross-up factors applicable to each type of benefit.

Type of Benefit	Gross-up Factor
Type 1	2.0802
Type 2	1.8868

Type 1 benefits are those which the employer or provider is entitled to claim as a partial or full GST input tax credit at the time of incurring the expenditure.

Type 2 benefits are benefits:

- That are wholly GST-Free (e.g. private health insurance).
- Which represent goods or services not acquired by the employer (i.e. where it is a property fringe benefit and the employer manufactured the property).
- Provided by an employer which is not registered for GST.
- That is an excluded fringe benefit.
- Which are provided by an employer that is input taxed (e.g. a financier).

1.10 Credit card reimbursements

A popular fringe benefit provided by employers is the reimbursement of their employee's credit card expenses.

The first step an employer must undertake is to identify the type of reimbursement being made for FBT purposes. Is the reimbursement for a particular expense the employee has incurred, or does it relate to the outstanding balance on the employee's credit card without regard to the actual expenses contained on the statement?

Reimbursements will fall into the following categories:

	Type 1	Type 2
Reimbursement for a particular GST taxable expense where employer is entitled to GST input tax credits	✓	
Reimbursement for a particular GST-free or input taxed expense where employer is not entitled to input tax credits		✓
Reimbursement for the outstanding balance on an employee's card		✓

A reimbursement for the outstanding balance on a credit card is a Type 2 fringe benefit as the reimbursement is for credit card finance which is an input tax supplied to the employee.

Employers may prefer to do this as it involves less administration. In these circumstances, the employer will not be entitled to a GST input tax credit irrespective of the GST treatment of the expenses contained in the credit card statement. The employer will not be required to obtain a valid tax invoice as no GST input tax credits arise.

2. Specific benefits

2.1 Car fringe benefits

A car fringe benefit most commonly arises when a car (a motor car, station wagon, panel van, utility truck or similar vehicle designed to carry a load of less than 1 tonne), which is owned or leased by an employer is made available for the private use of an employee (or associate). A car is treated as being available for private use if it is garaged at or near the employee's residence.

There are two methods available for valuing a car fringe benefit: Statutory Formula and Operating Cost. To use the Operating Cost Method a current log book must be maintained.

1. Do you provide cars to employees (or associates)?

☒ Yes - Go to Question 2

☒ No - You do not have a car fringe benefit. However, you may have a residual benefit. Seek further advice.

To be provided, the car must be owned by, leased by or otherwise made available to the provider of the car. For FBT purposes, the provider must be the employer, an associate of the employer, or a party who has an arrangement with the employer.

2. Are the "cars" available for private use by the employees (or associates)?

☒ Yes - Go to Question 3

☒ No - You do not have a car fringe benefit

3. Have you maintained a detailed log book for a continuous 12-week period in the last five years?

☒ Yes - The car fringe benefit can be valued either using the Operating Cost Method or Statutory Formula Method

☒ No - The car fringe benefit can be valued either using the Operating Cost Method or Statutory Formula Method. However, using the Operating Cost Method will result in 100% private use being applied.

2.1.1 Calculations and employee declarations

Please refer to Appendices 1.1(A) and 1.1(B) for the information required to calculate FBT liability with respect to each car fringe benefit provided. This includes cars provided for only part of that year or acquired and/or disposed during that year. Kindly complete the information required in these worksheets.

2.1.2 Opportunities and issues to consider

The flat 20% statutory rate, irrespective of the number of kilometres travelled, may result in the taxable value of car fringe benefits increasing under the Statutory Formula Method.

Therefore, it is important to consider whether opportunities exist to reduce the taxable value of car fringe benefits by implementing the following options:

The Operating Cost Method (Log Book Method)

The operating cost method is based on the private use of the car. Accordingly, higher business use percentages may result in lower taxable values than the Statutory Formula Method.

It may be worth considering whether log books should be maintained as part of your business' standard policies and procedures.

Electronic Log Books

The process of completing log books has been simplified in recent years using in car electronic devices that automatically document the trips travelled in the car. The ATO has issued several class rulings with respect to electronic devices that can be used to produce complying log book records. The Findex team can assist you to confirm whether a particular electronic log book is complying.

Simplified record-keeping approach for fleet cars (PCG 2016/10)

The simplified record-keeping approach uses the average business use percentage in a log book year of all tool of trade fleet cars in calculating FBT. This is ideal for employers who have at least 75 percent of employees with valid log books that have a high average business use percentage, and are trying to reduce administrative compliance cost on their large fleets.

There are certain criteria and requirements in using this approach so you should seek advice to confirm if this method will be applicable and beneficial for you.

Salary packaging

Opportunities to increase the net take home salary of your employees through salary packaging should be revisited as the statutory rate may have either increased or decreased to 20%. Additionally, existing salary packaging arrangements should be reviewed to ensure they are providing the maximum savings possible.

2.1.3 Available for private use

A car fringe benefit arises where a car is made available for the private use of an employee or their associate. A car is treated as being available for private use if it is garaged at or near the employee's residence. However, consideration must be given for when the car is not available for private use as this can reduce the car's taxable value.

A car is not available for private use when the employer has control of the keys to the vehicle. Relevant examples of a car not being available for private use include where the car has been garaged at the employer's premises and the employer has locked the keys in a safe, or where the vehicle was in for repair for a few days or a week and the employee could not drive the car for a full day during this time.

It is important to note that a car is treated as being available for private use on the days in which a car is either dropped off at or collected from a mechanic. Accordingly, if a car is driven to a service centre on Monday and collected on Wednesday, the car is only unavailable for private use on Tuesday. A car parked at the airport whilst on a business trip is generally still taken as being available for private use. However, in limited circumstances, relinquishing the custody and control of the car to the car park operator may result in the car not being available for private use of the employee.

2.1.4 Exempt car benefits

Eligible vehicles such as panel vans, utilities and other commercial vehicles are exempt from FBT if the private use of these cars is limited to travel between home and work and any other private use is minor, infrequent and irregular. Salary packaged vehicles and cars that are equal or over luxury car tax threshold are not eligible vehicles. Where exempt cars are provided, it is recommended employers establish policies regarding the acceptable use of these cars and ensure these policies are communicated to employees.

PCG 2018/3 provides an approach employers may elect to apply to exempt private travel in exempt vehicles if they meet certain criteria. We can assist you in determining if these guidelines will be applicable and beneficial for you.

2.1.5 Payment summary reporting exclusion for shared or pooled cars

An FBT reporting exclusion applies in respect of shared or pooled cars which give rise to a car fringe benefit for more than one employee. This means the taxable value of the car benefit is not required to be reported on any employee's payment summary.

Broadly, for the reporting exclusion to apply, three conditions must be satisfied:

1. The benefit is a car benefit.
2. The car benefit is either a fringe benefit or an exempt benefit.
3. The provision of the car benefit gives rise to fringe benefit for more than one employee.

Where a car is shared, please complete Part C of the Car Fringe Benefit Schedules so that the reporting exclusion can be applied.

2.2 Car parking fringe benefits

Car parking fringe benefits are generally deemed to be provided when the following key conditions are met:

- An employee parks a car for more than four hours between 7am and 7pm on premises that are owned or leased by the employer or an associate of the employer.
- A 'commercial parking station' is located within a one-kilometre radius of the premises on which the car is parked, measured by the shortest practicable route.
- The 'commercial parking station' charges more than \$8.95 per day (at 1 March 2019) for all day parking.
- The employee car park is in close proximity to where the employee works (i.e. not more than two kilometres away).

Where employees are reimbursed for car parking expenses, the fringe benefit is as an 'expense payment' fringe benefit. No concessions apply other than the otherwise deductible rule.

Small business employers may be exempted from the car parking benefit values where a car was not parked at a 'commercial car parking station'. To qualify for the exemption the following need to be satisfied:

1. Are you a public company or a subsidiary of a public company?
 - ☒ Yes - You do not qualify for the exemption
 - ☒ No - Go to Question 2
2. Is the car park/s provided in a 'commercial car parking station' (i.e. a car parking station which is available to the public for a fee)?
 - ☒ Yes - You do not qualify for the exemption
 - ☒ No - Go to Question 3
3. Is the gross income of your business less than \$10 million?
 - ☒ Yes - You should qualify for the new exemption – subject to confirmation by our office
 - ☒ No - You do not qualify for the exemption

If you qualify for the exemption, you do not have to complete this section of the FBT return.

2.2.1 Information required for calculation of car parking fringe benefits

1. Do you provide car parking facilities for your employees use?
 - ☒ Yes - Go to Question 2
 - ☒ No - This section does not apply to you
2. Is the car park on business premises or located within a one-kilometre radius of a commercial car parking station, which charged more than \$8.95 for all-day parking on the first business day of the FBT year (i.e. 1 April 2019)?

☒ Yes - Go to Question 3

☒ No - This section does not apply to you

3. How many car parks do you provide for your employees?
4. For each car park provided, how many days was it used by employees for greater than four hours between the hours of 7am and 7pm? 'Days Provided' would normally exclude weekends, public holidays and annual leave. However, use of greater than four hours on these days would have to be included.
5. What is the lowest public all-day parking fee charged by a 'commercial parking station' within a one- kilometre radius of your business premises? The all-day parking fee can be calculated by reference to weekly, monthly or other period rates.

2.2.2 Number of car parking fringe benefits provided

There are three methods available to the employer to calculate the number of car parking benefits provided:

(i) Actual Method

Use the actual number of car parking benefits provided to all employees (or associates). It is possible for one car park to give rise to more than one car parking fringe benefit in a particular day where more than one car is parked in that space for periods totalling more than four hours.

(ii) Statutory Method

Calculate the value of certain car parking benefits by using a statutory formula, which is based on the number and value of spaces available to employees (or associates). Under this method each space is deemed to have provided 228 car parking fringe benefits per year.

(iii) 12-Week Record Keeping Method

Calculate the total taxable value of car parking benefits provided during the full FBT year based on the total value of the car parking benefits provided during a 12-week period. The employer must keep a register for the 12-week period, detailing the car parking provided to employees.

Please note that the Actual Method will automatically apply unless an election has been made to use either the Statutory Method or the 12-Week Record Keeping Method.

2.2.3 Valuation of car parking fringe benefits

The valuation of the benefits used within the above calculations is determined by using one of the following methods:

(i) Commercial Parking Station Method

Taxable value is the lowest public all day (four continuous hours between 7am – 7pm) parking fee charged within a one-kilometre radius of an employer provided car parking facility on a particular day.

(ii) **Market Value Method**

Market value is determined by a suitably qualified arm's length valuer. It is the value the recipient could reasonably be expected to have been required to pay for the benefit in an arm's length transaction on a particular day.

(iii) **Average Cost Method**

Add together the lowest fee charged on the day on which the car parking benefit is first provided in the FBT year, and the lowest fee charged on the day when the car parking fee is last provided in the FBT year, then divide by two.

2.2.4 Opportunities to reduce FBT on car parking

Findex engages expert car parking consultants to obtain the most optimal rate when valuing your car parking fringe benefits, which may result in a significant reduction in your FBT payable. Please contact us if you have been sourcing your own car parking rates when valuing car parking fringe benefits.

2.3 Expense payment fringe benefits and FBT exemption for work related items

An expense payment fringe benefit may arise in either of two ways. The first is where an employer reimburses an employee for expenses incurred by the employee. The second is where an employer pays a third party in satisfaction of expenses incurred by an employee.

Did the company pay for, or reimburse any expenses of an employee (or associate)?

☒ Yes - You will need to declare your payments on the FBT return. If you require us to complete your FBT return, please provide details of expenses paid at Appendix 3.1.

☐ No - This section does not apply to you

2.3.1 Business expenses

The taxable value of the expense payment fringe benefit may be reduced where the employee could have received a once only income tax deduction had they incurred the expenditure themselves. Expense payment fringe benefits are exempt if covered by a no private use declaration. A no private use declaration can be made where an employer only reimburses or pays so much of an expense as to not attract FBT.

2.3.2 Exemption for work related items

Certain work related benefits are exempt from FBT where the benefit provided is an:

- Expense payment, property or residual benefit.

- Eligible 'work related item' that is primarily for use in the employee's employment. Eligible work related items include:
 - Portable electronic devices, such as a mobile phone, notebook computer, laptop computer or similar portable computer.
 - Items of protective clothing that are required for the employment of the employee.
 - Briefcase, calculator, electronic diary or similar item.
 - Tools of trade.
 - Computer software for use in the employee's employment.

With the exception of replacements, the exemption for eligible work related items is limited to one item per year if the item has the same or substantially similar functions.

Other common exempt expense payment fringe benefits include:

- Relocation costs.
- Newspapers and periodicals used for business purposes.
- Minor benefits (less than \$300 including GST which are provided infrequently and irregularly).
- Taxi travel for an employee that is not related to entertainment and that begins or ends at the employee's place of work.

Warning: The FBT exemption for work related benefits does not apply to benefits provided to an associate of an employee.

2.4 Entertainment

Note: Tax exempt employers or not-for-profit organisations should seek separate advice in relation to their exposure in this area.

Entertainment is the provision of food, drink and recreation and any accommodation or transport that relates to the provision of entertainment.

Most employers incur expenditure on entertainment such as recreational and leisure type activities as well as meal entertainment. Entertainment can be provided in many circumstances including for business trips, conferences, social functions and promotional events. Entertainment may be provided to employees, associates, clients and independent contractors.

It is important for employers to be familiar with the taxation law as it applies to entertainment and the provision of food and drink, as the FBT, income tax and GST consequences generally differ according to whether entertainment is provided. As a rule, entertainment is not tax deductible and GST credits are not available unless the entertainment is subject to FBT.

2.4.1 When does food and drink become entertainment?

The provision of food and drink will not automatically result in the provision of entertainment. For example, the cost of meals and accommodation for travelling employees does not have the

characteristic of entertainment and is therefore tax deductible, not subject to FBT and GST input tax credits are claimable.

Determining whether food and drink has the characteristics of 'meal entertainment' requires an objective analysis of all the surrounding circumstances in which the food or drink is provided. To make this determination, Taxation Ruling TR 97/17 provides that an employer should consider the following factors:

Entertainment decision grid		
Factors	Less likely to be entertainment	More likely to be entertainment
1. Why the food/drink is provided? This test is basically a 'purpose test'. For example:		
<ul style="list-style-type: none"> Food and drink provided for the purposes of refreshment or sustenance (i.e. to enable employees to complete the working day in comfort). 	✓	
<ul style="list-style-type: none"> Food and drink provided in a social situation, where the purpose is for employees to enjoy themselves (e.g. a dinner, evening drinking or staff function). 		✓
2. What type of food/drink provided? The more elaborate the meal, the greater the likelihood that it has the characteristics of meal entertainment. For example:		
<ul style="list-style-type: none"> The provision of morning and afternoon teas or light meals. 	✓	
<ul style="list-style-type: none"> A three-course meal provided during a working lunch. 		✓
3. When the food/drink is provided?		

Entertainment decision grid		
Factors	Less likely to be entertainment	More likely to be entertainment
<ul style="list-style-type: none"> Food or drink provided during work time, overtime, or while an employee is travelling overnight on business. <i>This is because food and drink are provided for a work-related purpose rather than an entertainment purpose in the majority of cases.</i> 	✓	
<ul style="list-style-type: none"> Food and drink provided outside of work time (e.g. at a social function). 		✓
4. Where the food/drink is provided?		
<ul style="list-style-type: none"> Food or drink provided off the employer's business premises (e.g. provided in a function room, restaurant or café). 		✓
<ul style="list-style-type: none"> <i>This is because the provision of food and drink are less likely to have a work-related purpose in these circumstances.</i> 		

We have also provided an entertainment table to assist you in determining whether an expense relating to entertainment will be subject to FBT or not (see Appendix 2.1).

2.4.2 Taxable value of entertainment:

There are three methods that can be used for calculating the taxable value of entertainment fringe benefits:

1. The Actual Method

Can be used for recreational, entertainment facility leasing, and meal entertainment fringe benefits.

2. The 50/50 Split Method

Can *only* be used for meal entertainment and entertainment facility leasing fringe benefits.

3. The 12-Week Register Method

Can *only* be used for meal entertainment fringe benefits.

2.4.3 Actual entertainment expenditure method

Using the Actual Method, the taxable value of entertainment is equal to the GST inclusive cost of the entertainment provided. FBT is only payable on that portion of expenditure that relates to

employees and/or their associates. No FBT is payable in relation to entertainment provided to non-employees. The expenditure can be allocated to employees and associates on either the exact cost attributable to each employee and their associate or by apportioning the cost on a per head basis.

A tax deduction will only be allowed on that portion of entertainment subject to FBT. GST will only be claimable on that portion of entertainment that is deductible.

Under the Actual Method, FBT will not be payable on any meal entertainment that is provided to and consumed by current employees on a working day on the employer's premises or where the GST inclusive value cost of food or drink is less than \$300 per employee and is provided on an infrequent and irregular basis.

Warning: Do not disclose entertainment under the actual expenditure method at label 23P of the FBT return. This area is exclusively for entertainment calculated with the 50/50 Split Method of calculating meal entertainment FBT liabilities. Entertainment fringe benefits calculated under the Actual Method should be disclosed as Property, Expense or Residual Fringe Benefits.

2.4.4 The 50/50 Split Method

An employer can only use the 50/50 Split Method for meal entertainment and/or entertainment facility leasing (corporate box, boat, plane or other facility providing entertainment) fringe benefits.

Under this method, 50% of the employer's total meal entertainment expenditure and/or facility leasing expenses are subject to FBT irrespective of who is entertained. Employers using the 50/50 Split Method cannot apply the property benefit exemption or the minor benefit exemption. 50% of the expenditure will be deductible (excluding the GST component) and 50% of the input tax credits can be claimed provided a special GST election has been made by the employer.

2.4.5 The 12-Week Register Method

Under this method a register is maintained over a 12-week period detailing meal entertainment subject to FBT and total meal entertainment. The 12-week period should be representative of employee / non-employee percentages of meal entertainment provided during the year. The register percentage is then applied to total meal entertainment during the full FBT year.

Please note the Actual Method will automatically apply unless an election has been made to use either the 50/50 Split Method or the 12-Week Register Method.

2.5 Claiming GST input tax credits

The method for determining the taxable value of meal entertainment fringe benefits provided is determined at the time of lodgement of your fringe benefits tax return. The method adopted is determined on a year by year basis.

The completion of a GST meal entertainment election means you apply the 50/50 Split Method or the 12-Week Register Method to meal entertainment fringe benefits when determining what input tax credits you can claim in any GST period.

You may use the elected method for the GST periods between 1 April and 31 March each year to determine what input tax credits are claimed.

Upon completion of your annual fringe benefits tax return (the time at which you must decide whether to make the 50/50 election or not), you may be required to make an adjustment to ensure you have claimed the appropriate input tax credits.

However, should you choose to claim the Actual Method for determining your meal entertainment fringe benefits tax liability (or you do not make a GST meal entertainment election), you will be entitled to input tax credits only for the amount subject to FBT.

Should you wish to make a GST meal entertainment election, refer to appendices 3.10 or 3.11.

2.6 Housing fringe benefits

A housing fringe benefit will exist where an employer provides accommodation or a right to occupy a unit of accommodation as a usual place of residence for more than one day. The right to occupy may be under a lease or licence and may cover any type of accommodation, provided it is the employee's usual place of residence.

The taxable value of the housing fringe benefit will generally be the market value of that right reduced by any contribution made by the employee. Accommodation provided to employees in remote areas is generally FBT-exempt.

2.7 Loan fringe benefits

A loan fringe benefit arises from a loan to an employee on which a low interest rate (or no interest) has been charged during the FBT year. A low interest rate is one which is less than the statutory interest rate. Once interest has accrued for six months on such a loan there is deemed to be a separate and additional interest free loan of the accrued unpaid interest.

A loan fringe benefit also arises where an employer allows a debt owed by an employee to run past the due date for payment. The benefit exists for as long as the debt remains unpaid.

If any part of the loan is waived, a debt waiver fringe benefit arises.

Note: A loan to an employee to assist the employee to buy a car is a "car loan benefit". Special rules apply to this type of benefit.

The statutory interest rate for the year ended 31 March 2020 is 5.20%. The taxable value of a loan fringe benefit is the difference between the interest accruing on the loan and the amount of interest calculated with reference to the statutory interest rate. The taxable value of the loan may be reduced where an employee uses all or part of the loan for income producing purposes.

2.8 Minor fringe benefits

A minor fringe benefit is a benefit provided to an employee (or their associate) with a value less than \$300 (including GST) that is infrequently provided and/or difficult to record and value.

Some of the benefits provided to your employees, (or their associates) may fall within the minor fringe benefits exemption and thereby be excluded from FBT. We provide for your reference a decision grid to assist you in determining what benefits may be considered minor.

Minor benefit exemption decision grid		
Criteria	Exemption MORE likely to apply	Exemption LESS likely to apply
1. How often similar/identical benefits are provided:		
<ul style="list-style-type: none"> Similar/identical benefits provided regularly or frequently. 		✓
<ul style="list-style-type: none"> Similar/identical benefits not provided or provided irregularly. 	✓	
2. Aggregate value of minor benefit and associated benefits: ¹		
<ul style="list-style-type: none"> Aggregate value relatively high. 		✓
<ul style="list-style-type: none"> Aggregate value relatively low. 	✓	
3. Difficulty in valuing minor benefit and associated benefits: ¹		
<ul style="list-style-type: none"> Practically difficult to value the relevant benefit(s) – e.g. difficult to keep records and/or to quantify values. 	✓	
<ul style="list-style-type: none"> No or very little difficulty for employer in valuing the relevant benefit(s) – e.g. relatively easy to keep records and/or quantify values. 		✓
3. Minor benefit (and any associated benefits ¹) provided to assist employee to deal with an unexpected contingency.	✓	
4. Benefit principally provided as a reward for services.		✓

¹ Associated benefits – basically those benefits that are similar / identical to the minor benefit and/or provided in connection with the minor benefit.

Please note that benefits which fall within this category are exempt from FBT (i.e. are not included in the FBT return) and deductible for income tax purposes. GST input tax credits can be claimed.

2.9 Entertainment and the minor benefit exemption

Where the minor fringe benefit is entertainment, it is non-deductible for income tax purposes and GST input tax credits cannot be claimed

Note: Employers using the 50/50 method cannot apply the minor benefit exemption to meal entertainment fringe benefits. Under the 50/50 method, where meal entertainment is provided to employees and associates, including meals costing less than \$300 per person, 50% of the total expenditure will be subject to FBT. In comparison, under the actual entertainment expenditure method, this expenditure would not be subject to FBT, and no deduction would be available for income tax purposes.

Warning:

Employees and associates attending functions

In assessing whether an external function (e.g. a Christmas party at a restaurant) is an exempt minor benefit, it is the cost per person that needs to be considered.

For example, if the cost per head was \$265 and an employee attends with an associate, such as their spouse, the minor benefit exemption will apply to both the employee and spouse. This is because the minor fringe benefits exemption is applied on a per head basis.

2.10 Property fringe benefits

A property fringe benefit arises when an employee is provided with property (free or at a discount) by an employer (e.g. providing stock to employees at a discount). Property includes goods (e.g. clothing), shares and real property. However, there is a general exemption for goods supplied to employees on a working day which are consumed on the employer's premises.

The taxable value of a property fringe benefit is generally the amount by which the arm's length cost of the goods to the employer exceeds the price charged to the employee.

If the property provided is an 'in-house' property fringe benefit, then concessional rules may apply to reduce the taxable value. Broadly speaking, in-house property fringe benefits include tangible property benefits and other in-house residual fringe benefits that are normally sold to the public in the ordinary course of business. Under the concessions the taxable value is generally equal to 75% of the price charged to clients and up to \$1,000 of in-house benefits can be provided to employees FBT exempt.

In-house fringe benefits that are salary packaged after 22 October 2012 will not be eligible for concessional FBT treatment. Please contact us for further information if you have provided salary packaged in-house property fringe benefits to your employees.

2.11 Living Away From Home fringe benefits and allowances

A Living Away From Home (LAFH) fringe benefit arises when an employee is provided with accommodation, food or an allowance because the employee is required to live away from their normal place of residence to perform their employment duties. LAFH fringe benefits are most commonly provided as a Living Away From Home Allowance (LAFHA). The taxable value of the LAFHA is equal to the allowance paid less the following items:

- **Exempt accommodation component**

This is the amount of LAFHA that was compensation for additional accommodation costs the employee was reasonably expected to incur for themselves and their family whilst living away from home. If the amount paid is not reasonable, FBT may be payable. However, if the employer were to instead reimburse the cost of rent (and retain the invoices) the payment should be exempt.

- **The exempt food component**

This is the amount included in the allowance for additional food costs incurred because the employee (and their family) is required to live away from home. The ATO publishes guidelines in relation to the reasonable food component on an annual basis.

As the reasonable food component is an estimate of the employee's total cost of food, this is generally reduced by the "statutory food amount". The statutory food amount is \$269 per week per adult (\$68 per child under 12). It represents the amount the employee would ordinarily spend on food and is subject to FBT.

Where the food component of the allowance has been structured such that the employee is only compensated for the **additional** costs of food, then the exempt food component does not need to be reduced by the \$269 statutory food amount per week.

Not all employees who are required to live away from their normal place of residence to perform their employment duties are classified as living away from home. Historically, the ATO has provided a 21-day threshold as a guideline between travelling and living away from home. However, with the release of TR2017/D6 this threshold has been removed. The updated ruling requires a holistic analysis of an employee's circumstances when determining whether an employee is relocating, living away from home and travelling. The factors below are used to distinguish whether an employee is living away from home:

- The time spent working away from home.
- Whether the employee has a usual place of residence at a previous location.
- The nature of the accommodation.
- Whether the employee is or can be accompanied by family or visited by family or friends

We recommend you contact us if you have difficulty in classifying employee travel, relocation and living away from home.

2.12 Living Away From Home fringe benefits - special rules for Fly In Fly Out (FIFO) and Drive In Drive Out (DIDO) arrangements

There are special rules for employees who receive LAFH allowances and benefits as a result of working on a Fly In Fly Out (“**FIFO**”) / Drive In Drive Out (“**DIDO**”) basis.

The employee is considered to be working on a FIFO/DIDO basis when:

- On a regular and rotational basis, the employee works for a number of days and has a number of days off which are not the same days in consecutive weeks.
- The employee returns to their normal residence during their days off.
- It is customary in the industry in which the employee works for the employees performing similar duties to work on a rotational basis and return home during days off.
- Given the employee’s employment location, it is unreasonable to expect the employee to travel between their normal residence and the primary place of work on a daily basis.

2.12.1 Taxable value of FIFO/DIDO benefits

The taxable value of FIFO/DIDO benefits is calculated as the value of the allowance or benefit less the exempt accommodation component and the exempt food component.

Where the FIFO/DIDO eligibility requirements are not satisfied, the taxable value of the benefit is equal to the allowance paid or the value of the benefit provided.

2.12.2 Different requirements for FIFO/DIDO

Unlike ordinary LAFH arrangements, employees receiving FIFO/DIDO benefits are **not** required to maintain a home in Australia nor are they subject to the 12-month rule.

However, employees are required to provide a declaration confirming:

- The employee’s usual place of residence.
- The address of each place the employee actually resided while living away from home.
The employee resumed living in their usual place of residence when not required to live away from home.

2.13 Other fringe benefits

We have listed below other types of fringe benefits not covered above. If you believe you have provided your employees with these benefits during the year, please contact us for more information.

- Debt waiver.
- Board – accommodation.

- Residual.
- Tax exempt body entertainment.

2.14 FBT return lodgement and payment dates

- **Self-preparer (via paper or SBR-enabled software)**

FBT return lodgement date: 21 May 2020

Final payment due date: 21 May 2020

- **Clients of tax agents**

FBT return paper lodgement date: 21 May 2020

Final payment due date: 28 May 2020

FBT return electronic lodgement due date: 25 June 2020

2.15 FBT instalments paid

Please utilise this space to record any FBT instalments paid in the BAS returns as follows:

BAS Quarter	\$
• June 2019	
• September 2019	
• December 2019	
• March 2020	
Total	

3. Appendices & Forms

Appendix 1.1	Car fringe benefit schedule
Appendix 1.2	Car fringe benefit – base value calculation worksheet
Appendix 2.1	Entertainment fringe benefits
Appendix 3.1	Expense payment benefit schedule
Appendix 3.2	Loan fringe benefit declaration
Appendix 3.3	Loan fringe benefits – precedents and elections
Appendix 3.4	Expense payment declaration
Appendix 3.5	Expense payment fringe benefits – precedents and elections
Appendix 3.6	Recurring expense payment fringe benefit declaration
Appendix 3.7	No private use declaration – expense payment benefits
Appendix 3.8	Residual benefit declaration
Appendix 3.9	Living away from home declarations
Appendix 3.10	Meal entertainment benefits – precedents and elections – 50/50 split method
Appendix 3.11	Meal entertainment benefits – precedents and elections – 12-week register method
Appendix 3.12	Property fringe benefits – property benefit declaration
Appendix 3.13	Property fringe benefits – precedents and elections
Appendix 3.14	Property fringe benefits – recurring property declaration
Appendix 3.15	Tax-exempt body entertainment benefit – 50/50 split method
Appendix 3.16	Tax-exempt body entertainment benefit – 12-week register method

Appendix 1.1 – Part A

Car fringe benefit schedule (please complete both A & B)

For the FBT year ending 31 March 2020

Employee: _____

	Vehicle 1	Vehicle 2
Was the provider entitled to claim GST input tax credits on the purchase price or lease payments?	Yes (Type 1 benefit) No (Type 2 benefit)	Yes (Type 1 benefit) No (Type 2 benefit)
Make of car		
Model of car		
Engine capacity		
Registration No.		
Employer		
Name of driver/s		
Relationship of driver with employer	Employee/associate of employee	Employee/associate of employee
Car was originally (A)	Purchased/Leased/HP	Purchased/Leased/HP
Date originally acquired/leased/...../...../...../.....
Car is currently	Owned/Leased/HP	Owned/Leased/HP
If car has been "re-leased", date of new lease/...../...../...../.....
FBT base value of car (B)	\$	\$
Name of entity on purchase/lease document		
Name of entity on registration papers		
Odometer reading 01/04/19 (or date first held)		
Odometer reading 31/03/20 (or date last held)		
Date car sold (if applicable)		
Sale proceeds	\$	\$
Sold to (e.g. spouse /third party)		
No. of days car not available for private use in period held		
Address where vehicle usually garaged (e.g. work, home)		
Employee/Associate contributions to Employer/Provider		
Date contributions made		
Employee/Associate contributions to expenses, e.g. fuel costs, repairs, etc.		

- Special rules apply where the car was acquired from an associate – please contact us if this is the case
- Please complete Appendix 1.2 Base value calculation worksheet

Appendix 1.1 – Part B

Log book details

For the FBT year ending 31 March 2020

	Vehicle 1	Vehicle 2
Usual location of the log book		
Year in which log book completed		
Business % as per log book		
Nominated business percentage for current FBT year (C)		
Has business usage changed from that indicated in the log book by a material amount?	Y/N	Y/N
If yes, has a new log book been completed?	Y/N	Y/N
Costs		
Leasing expenditure (D)	\$	\$
Fuel & oil	\$	\$
Registration & Insurance	\$	\$
Repairs & maintenance (net of insurance reimbursements)	\$	\$
Employee/associate contributions to Employer/provider	\$	\$
Dates contributions made		
Employee/associate contributions to expenses paid to third parties (e.g. fuel costs, repairs, etc.)	\$	\$

- c. Adjustments should be made to the business use percentage for any variations in the pattern of the business use of the car throughout the FBT year such as holidays, seasonal fluctuations or variations in employment duties.
- d. If car is owned or under hire purchase, we will calculate the deemed interest and depreciation for you.
- e. If the employee is responsible for fuel costs, a declaration based on a reasonable estimate derived from the total kilometres travelled, average fuel costs and fuel consumption is acceptable.

Signature as a true and correct record:

(to be signed by employee)

Dated

Appendix 1.1 – Part C

Pooled or shared car employee declaration

For the FBT year ending 31 March 2020

I,

(employee's name)

declare that

the vehicle detailed below was a pooled or shared car * during the FBT year 1 April 2019 to 31 March 2020 and should therefore **NOT** be a reportable fringe benefit.

** A pooled or shared car is a car that is provided to two or more employees for private use. For example, the employer of three employees makes one car available to the employees, for private use, at different times during the year of tax.*

	Vehicle
Make of car	
Model of car	
Registration No.	

Signature as a true and correct record:

(to be signed by employee)

Dated: _____

Appendix 1.2

Car fringe benefit – base value calculation worksheet

For the FBT year ending 31 March 2020

Make and model of car: _____

Car registration number: _____

		Amount	Subtotal	Total
Cost Price ¹		\$		
Add: GST on cost price (regardless of whether input tax credit was claimed)		\$		
GST-inclusive cost of car			\$	
Less: Employee payment or trade-in		(\$)		
Less: Manufacturer rebate paid to employer		(\$)		
Sub-total			\$	
Add: GST-inclusive cost of dealer and delivery charge		\$		
Add: GST-inclusive cost of non-business accessories (added at acquisition) ²	Air-conditioning	\$		
	Stereo	\$		
	Customised wheels	\$		
	Other	\$		
Sub-total			\$	
Less: Expenditure in respect of registration and transfer of car	Registration costs	(\$)		
	Stamp Duty on Transfer	(\$)		
	Other (Please specify)	(\$)		
Sub-total			\$	
Less: Once only one-third reduction ³		(\$)		
Sub-total			\$	
Add: Non-business accessories (added after acquisition) ²		\$		
Base Value of Car for FBT				\$

¹ The arm's length purchase price of the car, net of any purchase discount (e.g. fleet owners' discount)

² Do **not** include if paid for by employee

³ This reduction only applies if, as at 1 April 2019, the car had been held by the employer for at least four whole FBT years

Appendix 2.1

Entertainment fringe benefits

For the FBT year ending 31 March 2020

How is the Food and Drink Provided:	Provided to	Is it Meal Entertainment or Sustenance	FBT	Tax Ded'n	Input Tax Credit Claimed
Consumed on employer's business premises					
• At a social function	Employee	Entertainment	No	No	No
• In an in-house dining facility – not a party, etc	Employee	Entertainment	No	Yes	Yes
• In an in-house dining facility – at a party, etc	Employee	Entertainment	No	No	No
• Morning & afternoon teas & light lunches	Employee	Sustenance	No	Yes	Yes
Consumed on employer's business premises by associate					
• At a social function	Associate	Entertainment	Yes	Yes	Yes
• In an in-house dining facility – not a party, etc	Associate	Entertainment	Yes	Yes	Yes
• In an in-house dining facility – at a party, etc	Associate	Entertainment	Yes	Yes	Yes
• Morning & afternoon teas & light lunches	Associate	Sustenance	Yes	Yes	Yes
Consumed by clients on your business premises					
• At a social function	Client	Entertainment	No	No	No
• In an in-house dining facility – not a party, etc	Client	Entertainment Sustenance	No No	Yes* Yes	Yes Yes
• In an in-house dining facility – at a party, etc	Client	Entertainment	No	No	No
• Morning & afternoon teas & light lunches	Client	Sustenance	No	Yes	Yes
Food and drink consumed off the employer's premises					
• At a social function or business lunch	Employees Client Associate	Entertainment Entertainment Entertainment	Yes No Yes	Yes No Yes	Yes No Yes
Alcohol					
• Employee travelling – wine accompanies evening meal	Employee	Sustenance	No	Yes	Yes
• Alcohol at the end of a CPD seminar with finger food	Employee	Sustenance	No	Yes	Yes
Food and drink consumed by employees while travelling					

How is the Food and Drink Provided:	Provided to	Is it Meal Entertainment or Sustenance	FBT	Tax Ded'n	Input Tax Credit Claimed
• Employee travels and dines alone	Employee	Sustenance	No	Yes	Yes
• Two or more travelling employees dine together	Employees	Sustenance	No	Yes	Yes
• Travelling with client and dine together and employer pays for all meals	Employee Client	Sustenance Sustenance	No No	Yes Yes	Yes Yes
• Employee dines with client who is travelling separately	Employee	Sustenance	No	Yes	Yes
• Employee dines with another employee not travelling (travelling employee pays for both)	Travelling Employee	Sustenance	No	Yes	Yes
	Non-travelling Employee	Entertainment	Yes	Yes	Yes
• Employee dines with client who is not travelling	Employee Client	Sustenance Entertainment	No No	Yes No	Yes No
Employees dining with other employees of the same employer or with employees of associate of the employer					
• Employer entertains another employee and is subsequently reimbursed by the employer	Employees	Entertainment	Yes	Yes	Yes
• Employee A entertains employee B of an associated company of the employer and is subsequently reimbursed.	Employee A	Entertainment	Yes	Yes	Yes
	Employee B	Entertainment	Yes	Yes	Yes
Meal consumed by the employees attending a seminar					
• Incidental to an eligible seminar not held on the employer's premises	Employee Employee	Entertainment Sustenance	No No	Yes Yes	Yes Yes
• Light breakfast at a CPD seminar that is not an eligible seminar	Employee	Sustenance	No	Yes	Yes
• Light refreshments including alcohol provided after a CPD seminar that is not an eligible seminar	Employee	Sustenance	No	Yes	Yes
Consumed by employees at promotions					
• Function not held on employer's premises and open to general public.	Employee	Entertainment	Yes	Yes	Yes
Meal provided under an arrangement					
• Client does not facilitate or promote an arrangement where its employee is taken out to lunch by another employer	Client's employee	Entertainment	No	No	No
	Employee of other employer	Entertainment	Yes	Yes	Yes

How is the Food and Drink Provided:	Provided to	Is it Meal Entertainment or Sustenance	FBT	Tax Ded'n	Input Tax Credit Claimed
Use of corporate credit card					
<ul style="list-style-type: none"> Employees dine together at a restaurant and the meal is paid for with the credit card 	Employees	Entertainment	Yes	Yes	Yes
Accompanying spouses					
<ul style="list-style-type: none"> With employee travelling on business and employer pays for all meals 	Employee Spouse	Sustenance Entertainment	No Yes	Yes Yes	Yes Yes

* **An employer can elect to include \$30 as assessable income for entertainment of non-employees in an in-house dining facility**

Expense payment benefit schedule

[illegible]

* The 'deductible % portion' is the percentage of the payment that would have been tax deductible to the recipient had the recipient paid the expense. This percentage can be obtained from the expense payment declaration completed by the employee.

Declarations and Elections that may be required:

- ☐ Expense Payment Benefit Declaration
- ☐ No Private Use Expense Declaration
- ☐ Recurring Expense Payment Fringe Benefit Declaration

Refer to Appendices 3.4 – 3.7

Appendix 3.2

Loan fringe benefit declaration

For the FBT year ending 31 March 2020

I,

(employee's name)

declare that

loan of

(amount in words)

made to me by

(name of person who lent you money)

on ____/____/20____ was used by me during the period

from ____/____/20____ to ____/____/20____.

for the following purpose(s):

(Please give sufficient information to demonstrate the extent to which the loan was used for the purpose of earning your assessable income).

I also declare that had I paid interest at a commercial rate on the loan for the above period, I would have been entitled to claim an income tax deduction equal to ____% of the interest on that loan.

Signature

Dated

Appendix 3.3

Loan fringe benefits – precedents and elections

For the FBT year ending 31 March 2020

(To be completed where the loan was used to purchase or lease a car and the necessary logbook records, odometer records and car records have been maintained).

I declare that:

- A. The period of the FBT tax year the car was in use by me for business purposes was:
_____ 20 _____ to _____ 20 _____
- B. Logbooks and odometer records for the car (or a car which this car replaces) were kept for a minimum of 12 consecutive weeks during that period and have been given to the employer; or
- C. Logbooks and odometer records for the car (or a car which this car replaces) were kept for a minimum of 12 consecutive weeks in an earlier year, and odometer records were kept this year and have been given to the employer; or
- D. The car business percentage for the period mentioned in Section A above was _____

Appendix 3.4

Expense payment declaration

For the FBT year ending 31 March 2020

I,

(employee's name)

declare that

(show nature of expense e.g. telephone rental and/or calls)

were provided to me by or on behalf of my employer during the period

from ____/____/20__ to ____/____/20__

and the expenses were incurred by me for the following purpose(s):

(Please give sufficient information to demonstrate the extent to which the expenses were incurred by you for the purpose of earning your assessable income)

I also declare that the percentage of those expenses incurred in earning my assessable income was

_____%.

Signature

Dated

Appendix 3.5

Expense payment fringe benefits – precedents and elections

For the FBT year ending 31 March 2020

(To be completed where the expenses were car expenses for a car owned or leased by you and the necessary logbook records, odometer records and car records have been maintained.)

I declare that:

- A. The period of the FBT tax year the car was in use by me for the business purpose was:

_____ 20 _____ to _____ 20 _____

- B. Logbooks and odometer records for the car (or a car which this car replaces) were kept for a minimum of 12 consecutive weeks during that period and have been given to the employer; or
- C. Logbooks and odometer records for the car (or a car which this car replaces) were kept for a minimum of 12 consecutive weeks in an earlier year, and odometer records were kept this year and have been given to the employer; or
- D. Car business percentage for the period mentioned in Section A above was _____ %.

Appendix 3.6

Expense payment fringe benefits – precedents and elections

Recurring expense payment fringe benefit declaration

For the FBT year ending 31 March 2020

I, _____
(employee's name)

declare that

(show nature of expense e.g. telephone rental and/or calls)

were provided to me by or on behalf of my employer during the period

from ____/____/20____ to ____/____/20____

and the expenses were incurred by me for the following purpose(s):

(Please give sufficient information to demonstrate the extent to which the expenses were incurred by you for the purpose of earning your assessable income).

I also declare that the percentage of those expenses incurred in earning my assessable income was

_____%.

I understand that this declaration is to apply to the above stated benefit and to any identical benefit for the period up to five years from the date of this declaration or until the stated percentage incurred in earning my assessable income decreased by more than ten percentage points. This declaration will also be removed if another recurring expense payment fringe benefit declaration is provided in respect of a subsequent identical benefit.

Signature

Dated

Note: Identical benefits are ones which are the same in all respects except for any differences that are minimal or insignificant, or that related to the value of the benefits, or that relate to a change in the deductible proportion of ten percentage points or less.

Appendix 3.7

Expense payment fringe benefits – precedents and elections

No private use declaration - expense payment benefits

For the FBT year ending 31 March 2020

I,

(name of person authorised to make declaration)

on behalf of

(name of employer)

declare that the expense payments benefits, described below, and provided during the FBT year from 1 April 2019 to 31 March 2020 are payments or reimbursements of expenses which, under the 'otherwise deductible' rule, would have a taxable value of nil.

(Show sufficient detail to enable identification of the relevant benefits e.g. name of employee(s) and/or class of employee and/or type of expense)

Signature

Dated

Appendix 3.8

Residual benefit declaration

For the FBT year ending 31 March 2020

I,

(employee's name)

declare that

(show nature of benefit)

was provided to me by or on behalf of my employer during the period from ____ / ____ / 20____
to ____ / ____ / 20____ and that the benefit was used by me for the following purpose(s):

(Please give sufficient information to demonstrate the extent to which the benefit was used by
you for the purpose of earning your assessable income)

I also declare that had I purchased the service or privilege, etc, for its market value, I would
have been entitled to claim an income tax deduction equal to _____% of the purchase price.

Signature

Dated

Appendix 3.9 – Part A

Living away from home declaration

For the FBT year ending 31 March 2020

I,

(employee's name)

declare that

during the period ____ / ____ / 20__ to ____ / ____ / 20__ I was required to live away from my usual place of residence in order to perform the duties of my employment and that during that period my usual place of residence was

(state place where you usually live)

and the nature of that residence was _____; and during the period the place at which I actually resided was

(state all addresses at which you resided while away from home in the period stated above)

The following members of my family resided with me during the period:

Name	Age at beginning of FBT year (if under 12)

Signature

Dated

Appendix 3.9 – Part B (i)

Living away from home declaration

For the FBT year ending 31 March 2020

(For employees receiving LAFH fringe benefits who are required to 'maintain' a home in Australia to be eligible for the LAFH concessions)

I. Employees who maintain a home in Australia

I,

(employee's name)

declare that

during the period ____ / ____ / 20__ to ____ / ____ / 20__ the place in Australia where I usually reside in Australia is a _____ in which

(state unit of accommodation, e.g. house, flat, etc.)

_____ have an ownership (state person(s) with an ownership interest, e.g. employee, spouse, both etc.) interest within the meaning of *Income Tax Assessment Act 1997* and is located at:

(state address of property)

and:

(a) it continues to be available at any time for my immediate use and enjoyment during the period that the duties of my employment require me to live away from it; and

(b) I expect to resume living at that place on _____
(date LAFH allowance period ends)

During the above period, when the duties of my employment required me to live away from where I usually reside when in Australia, the place at which I actually resided was:

(state all addresses at which you resided while away from home in the period stated above)

Please ensure that the next page ('II. Employee related expenses') of this declaration is also completed.

Appendix 3.9 – Part B (ii)

Living away from home - Accommodation and food expenses declaration

For the FBT year ending 31 March 2020

II. **Employee related expenses**

I,

(employee's name)

declare that

from ____ / ____ / 20__ to ____ / ____ / 20__ I have incurred the following expenses for which a living away from home allowance fringe benefit has been provided:

1. Accommodation

The total amount of accommodation expenses which I can substantiate with documentary evidence is \$_____ (including accommodation expenses for all eligible family members living with me during the above period).

2. Food and drink (tick one box only)

- ☐ I have incurred food or drink expenses which do not exceed the amount that the Commissioner considers reasonable based on the number of eligible family members living with me for the above period and therefore I am not required to substantiate these expenses.
- ☐ I have incurred food or drink expenses which exceed the amount that the Commissioner considers reasonable for the above period. The total amount of my food or drink expenses which I can substantiate with documentary evidence is \$_____ (including food or drink expenses for all eligible family members living with me during the above period).

You must retain documentary evidence of these expenses for a period of five years starting from the declaration date.

Note: As an alternative to using the accommodation and food expenses declaration, an employee may substantiate accommodation and food expenses by providing to the employer documentary evidence of the expenses incurred. Receipts and other payment records must be provided before the lodgement due date of the FBT return.

Signature

Dated

Appendix 3.9 – Part C (i)

Living away from home declaration

For the FBT year ending 31 March 2020

FIFO or DIDO employees

I. Employees working on a FIFO or DIDO basis

I,

(employee's name)

declare that

during the period ____ / ____ / 20__ to ____ / ____ / 20__ :

(a) the usual place of residence is a _____
(state unit of accommodation, e.g. house, flat, etc.)

and is located at:

(state place where you usually live)

(b) when the duties of my employment required me to live away from where I usually reside,
the place at which I actually resided was:

(state place where you usually live)

and;

(c) I expect to resume living at my normal residence when my duties of employment no
longer require me to live away from that place.

**Please ensure that the next page ('II. Employee related expenses') of this declaration
is also completed.**

Appendix 3.9 – Part C (ii)

Living away from home declaration

For the FBT year ending 31 March 2020

FIFO or DIDO employees

II. Employees related expenses

I,

(employee's name)

declare that

from ____ / ____ / 20__ to ____ / ____ / 20__ I have incurred the following expenses for which a living away from home allowance fringe benefit has been provided:

1. Accommodation

The total amount of accommodation expenses which I can substantiate with documentary evidence is \$_____ (including accommodation expenses for all eligible family members living with me during the above period).

2. Food and drink (tick one box only)

☐ I have incurred food or drink expenses which do not exceed the amount that the Commissioner considers reasonable based on the number of eligible family members living with me for the above period and therefore I am not required to substantiate these expenses.

☐ I have incurred food or drink expenses which exceed the amount that the Commissioner considers reasonable for the above period. The total amount of my food or drink expenses which I can substantiate with documentary evidence is \$_____ (including food or drink expenses for all eligible family members living with me during the above period).

You must retain documentary evidence of these expenses for a period of five years starting from the declaration date.

Signature

Dated

Appendix 3.10

Meal entertainment benefits – precedents and elections

Annual S.69-25 and S.69-35 election by employer to adopt 50/50 split method for GST input tax credits related to meal entertainment expenditure and entertainment facility leasing expenses in the FBT year ended 31 March 2020

I, _____ hereby give notice that _____
(insert name of authorised person) (insert name and address of employer)

elects to adopt the **50/50 split method** of claiming GST input tax credits related to meal entertainment expenditure and entertainment facility leasing expenses commencing in the GST tax period:

(insert date of first day of GST tax period election is to be effective from)

By electing the 50/50 split method, I acknowledge that our entitlement to GST input tax credits related to meal entertainment expenditure and entertainment facility leasing expenses provided to our employees, associates and non-employees is **half** the GST input tax credits related to meal entertainment expenses and entertainment facility leasing expenses incurred for each GST period (to which this election relates) in the FBT year ended 31 March 2020.

Name of authorised person:

Signature of authorised person:

Date:

(Note: this document does not have to be lodged with the ATO but should be retained on the employer's FBT file each year.)

Appendix 3.11

Meal entertainment benefits – precedents and elections

Annual S.69-30 election by employer to adopt 12-week register method for GST input tax credits related to meal entertainment expenditure in the FBT year ended 31 March 2020

I, _____ hereby advise that _____

(insert name of authorised person)

(insert name and address of employer)

elects to adopt the **12-week register method** of claiming GST input tax credits related to meal entertainment expenditure commencing in the GST tax period:

(insert date of first day of GST tax period election is to be effective from)

By electing the 12-week register method, I acknowledge that our entitlement to GST input tax credits related to meal entertainment expenditure provided to our employees, associates and non-employees, is obtained by multiplying the register percentage by the GST input tax credits related to meal entertainment expenditure incurred for each GST period (to which this election relates) in the FBT year ended 31 March 2020.

I confirm that a valid meal entertainment register has been maintained.

Name of authorised person:

Signature of authorised person:

Date:

(Note, this document does not have to be lodged with the ATO but should be retained on the employer's FBT file each year.)

Appendix 3.12

Property Fringe Benefits – precedents and elections

Property benefit declaration

For the FBT year ending 31 March 2020

I, _____ declare that

(show nature of the goods, e.g. petrol)

provided to me by or on behalf of my employer during the period
_____ 20_____ to _____ 20_____ used by me for the
following purpose(s):

(Please give sufficient information to demonstrate the extent to which the property was used by you for the purpose of earning your assessable income. Examples would include diaries, log books or other similar documents.)

I also declare that had I purchased the property for its market value, I would have been entitled to claim an income tax deduction equal to _____% of the purchase price.

Appendix 3.13

Section B – Property fringe benefits – precedents and elections

(To be completed where the property relates to a car owned or leased by you and the necessary logbook records, odometer records and car records have been maintained)

For the FBT year ending 31 March 2020

I declare that:

- A. The period of the FBT tax year the car was in use by me for business purposes was:

_____ 20 _____ to _____ 20 _____

- B. Logbooks and odometer records for the car (or a car which this car replaces) were kept for a minimum of 12 consecutive weeks during that period and have been given to the employer; or
- C. Logbooks and odometer records for the car (or a car which this car replaces) were kept for a minimum of 12 consecutive weeks in an earlier year, and odometer records were kept this year and have been given to the employer; or
- D. The car business percentage for the period mentioned in Section A above was _____ %.

Appendix 3.14

Property fringe benefits – precedents and elections

Recurring property fringe benefit declaration

For the FBT year ending 31 March 2020

I,

(name of employee)

declare that

(show nature of the goods e.g. stationery)

was provided to me by or on behalf of my employer during this period

_____ 20 _____ to _____ 20 _____ and that the property
was used by me for the following purpose(s)

(Please give sufficient information to demonstrate the extent to which the property was used by
you for the purpose of earning your assessable income.)

I also declare that had I purchased the property for its market value, I would have been entitled
to claim an income tax deduction equal to _____ % of the purchase price.

I understand that this declaration is to apply to the above stated benefit and to any identical
benefit for a period up to five years from the date of this declaration or until the stated
percentage incurred in earning my assessable income decreases by more than 10 percentage
points. This declaration will also be revoked if another recurring property fringe benefit
declaration is provided in respect of a subsequent identical benefit.

Signature

Dated

Note: Identical benefits are ones that are the same in all respects except for any differences that
are minimal or insignificant, or that relate to the value of the benefits, or that relate to a change
in the deductible proportion of 10 percentage points or less.

Appendix 3.15

Tax-Exempt Body Entertainment Benefit – precedents and elections

Election by employer to adopt 50/50 split method

For the FBT year ending 31 March 2020

I, _____ hereby give notice that _____
(insert name of authorised person) (insert name and address of employer)

elects to adopt the **50/50 split method** of valuing **meal entertainment** fringe benefits provided during the period 1 April 2019 to 31 March 2020.

By electing the 50/50 split method, I acknowledge the taxable value for FBT purposes of meal entertainment fringe benefits provided to our employees, associates and non-employees is **half** the total meal entertainment expenses incurred for the FBT year of tax.

I advise that the taxable value of meal entertainment expenses is net of any employee contribution actually paid. Also, I confirm that **recreation** expenses have been **excluded**, including non-meal entertainment outgoings.

Name of authorised person:

Signature of authorised person:

Date:

Appendix 3.16

Tax-exempt body entertainment benefit – precedents and elections

Election by employer using 12-week register method

For the FBT year ending 31 March 2020

I, _____ hereby advise that _____

(insert name of authorised person)

(insert name and address of employer)

elects to adopt the **12-week register method** to determine the taxable value of **meal entertainment** fringe benefits in accordance with the formula and register percentages for the period 1 April 2019 to 31 March 2020.

I confirm that a valid register has been maintained.

Name of authorised person:

Signature of authorised person:

Date:

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